

August 20, 2018

Gladwin, Michigan

The Regular Meeting of the Gladwin City Council was called to order by Mayor Darlene Jungman at 5:00 p.m.

Present: Bodnar, Caffrey, Crawford, Darlington, Kile, Gardner, Smith, Winarski

Absent: None

Staff Present: Jack Abernathy, Kim Bruner, Bernie Weaver, Chief Duane Bean

Also Present: Mayor Dee Jungman, Attorney Doug Jacobson, Kaitlyn Throne, Teresa Nims, Max McDonald, Richard Beadle, Terry Brokoff, Bill Trahan

Mayor Jungman led the Pledge of Allegiance and Council Member Kile gave the Invocation.

Accepted the minutes from the August 6, 2018 for the regular City Council meeting and the minutes from the Special Meeting on August 13, 2018 as presented.

Motion by Council Member Caffrey, seconded by Council Member Bodnar to approve warrant #19-005 in the amount of \$30,311.68 and payroll for the period ending July 29, 2018 in the amount of \$63,159.20, and payroll for the period ending August 12, 2018. All ayes. Motion carried.

Hearing of Delegations:

Richard Beadle and Terry Brokoff were here on behalf of the Gladwin Community Foundation. They wanted to let the City know that there are mini grants available in the amount of \$2,000. The foundation started about 16 years ago and has a total asset of 3.4 million and in the last 3 and ½ years they have added 10 more funds and more than doubled their funds. The foundation is offering \$2,000 town grants to the townships and the City and they can be applied for each year.

Motion by Council Member Gardner, seconded by Council Member Caffrey to approve the agenda. All ayes. Motion carried.

Motion by Council Member Darlington, seconded by Council Member Crawford to approve the Consent Agenda as follows with the addition of vi) Administrator update and vii) Housing Commission - Pilot : Communications: i.) American Legion Auxiliary, ii.) Council of Local Government, iii.) DEQ – Drinking Water Revolving Fund, iv.) MML – Pool & Fund Loss Control Services - PR, v.) Gladwin County Road Commission – Fall Ride-Around, Meetings: i.) Bike Trail Authority Meeting – August 8, 2018, ii.) Safety Committee Meeting – August 15, 2018. All ayes. Motion carried.

Old Business:

Bill Trahan was here to speak about the Credit Union parking lot on Cedar Court, there has been some revisions made and wanted to make sure there is an appropriate assessment done. Would like the Council to approve this to keep moving forward to the Planning Commission.

Motion by Council Member Kile, seconded by Council Member Caffrey to allow the Cedar Court parking lot project to move forward to the Planning Commission for site plan review. All ayes. Motion carried.

Administrator Abernathy thanked Bill Trahan for his cooperation while working with the City on this project.

Heather Arnold was present on behalf of DeShano Companies to go over the Ordinance Amendment #338 and answer any questions regarding the request for the amendment to the original Ordinance #336.

Much discussion regarding low income housing and if more is needed within the City limits.

CITY OF GLADWIN

ORDINANCE NO. 338 AMENDING ORDINANCE NO. 336

TAX EXEMPTION ORDINANCE VILLAGE NORTH – PHASE II

ADOPTED:

THE CITY OF GLADWIN ORDAINS:

An Ordinance to provide for a service charge in lieu of taxes for a multiple family dwelling project for persons of low to moderate income to be financed with a federally-aided Mortgage Loan pursuant to the provisions of the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL 125.1401, *et seq*) (the “Act”)

Section 1. PURPOSE

This Ordinance shall be known as the “Village North - Phase II Tax Exemption Ordinance”.

Section 2. PREAMBLE

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its citizens of low to moderate income persons and families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act. The City is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act at any amount it chooses not to exceed the taxes that would be paid but for this Act. It is further acknowledged that such housing of low to moderate income persons and families is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing real estate tax exemption for such housing is a valid public purpose. It is further acknowledged that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of all *ad valorem* taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of the housing projects that is constructed or rehabilitated with financing extended in reliance on such tax exemption.

The City acknowledges that Sponsor (as defined below) has offered, subject to receipt of an allocation under the Low Income Housing Tax Credit (LIHTC) Program by the Michigan State Housing Development Authority, to construct, own, and operate a housing development identified as Village North II Limited Dividend Housing Association Limited Partnership on certain property located at 559, 565 and 569 Clendening Road, in the City to serve persons and families of low to moderate income, and that the Sponsor has offered to pay to the City on account of this Housing Development an annual service charge for public services in lieu of all *ad valorem* property taxes.

Section 3. DEFINITIONS

All terms shall be defined as set forth in the State Housing Development Authority Act of 1966, of the State of Michigan, as amended, except as follows:

- A. Authority means the Michigan State Housing Development Authority.
- B. Annual Shelter Rent means the total collections during a calendar year from all occupants of a housing development representing rent for occupancy charges, exclusive of charges for gas, electricity, heat or other utilities furnished to the occupants.
- C. Utilities means fuel, water, sanitary sewer and electrical service which are paid by the Housing Development.
- D. Housing Development means a development which contains a significant element of housing for persons of low income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines improve the quality of the development as it relates to persons of low income. With respect to this ordinance, Housing Development is a forty-nine (49) unit project, contained in three 3 buildings, together with associated grounds, parking and related facilities.
- E. Sponsor means DeShano Development Corporation and any entity which have applied to the Authority for an allocation under the Low Income Housing Tax Credit Program to finance the Housing Development.
- F. LIHTC Program means the Low Income Housing Tax Credit program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.
- G. Low to Moderate Income Persons and Families means persons and families eligible to move into a housing project.
- H. Mortgage Loan means a loan that is Federally-Aided (as defined in Section 11 of the Act) or a loan or grant made or to be made by the Authority to the Sponsor for the construction, rehabilitation, acquisition and/or permanent financing of a housing project, and secured by a mortgage on the housing project

Section 4. CLASS OF HOUSING DEVELOPMENTS.

It is determined that the class of Housing Developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of taxes shall be housing developments for elderly persons and persons and families of low to moderate income, which are financed or assisted pursuant to the Act. It is further determined that Village North Apartments- Phase II is of this class.

Section 5. ESTABLISHMENT OF ANNUAL SERVICE CHARGE:

The Housing Development identified as Village North II Limited Dividend Housing Association Limited Partnership and the property on which it shall be constructed shall be exempt from all *ad valorem* property taxes from and after the year the project is placed in service as evidenced by a certificate of occupancy from the appropriate public officials. The City acknowledging that the Sponsor and the Authority have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all *ad valorem* property taxes and a payment in lieu of

taxes as established in this Ordinance. Therefore, in consideration of the Sponsor's offer, subject to receipt of an allocation under the LIHTC program, to construct, own and operate the Housing Development, the City agrees to accept payment of an annual service charge for public services in lieu of all *ad valorem* property taxes. The annual service charge shall be equal to nine percent (9%) of the Annual Shelter Rents actually collected by the Housing Development during each operating year.

Section 6. CONTRACTUAL EFFECT OF ORDINANCE.

Notwithstanding the provisions of Section 15 (a)(15) of the Act, to the contrary, a contract between the City and the Sponsor with the Authority as a third party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by enactment of this Ordinance.

Section 7. LIMITATION ON THE PAYMENT OF ANNUAL SERVICE CHARGE.

Notwithstanding Section 5, the service charge to be paid each year in lieu of taxes for part of the Housing Development which is tax exempt but which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on that portion of the Housing Development if the Housing Development were not tax exempt.

The term "low income persons or families" as herein shall be the same meaning as found in Section 15 (a)(7) of the Act.

Section 8. PAYMENT OF SERVICE CHARGE.

The annual service charge in lieu of taxes as determined under this Ordinance shall be payable in the same manner as general property taxes except that the annual payment shall be paid on or before February 28 of each year. The sponsor shall submit a statement from its independent auditor verifying the amounts used to compute the payment are correct as reported. The statement and supporting documents may be from the sponsor's federal tax return.

Section 9. DURATION

This Ordinance shall remain in effect for a period of sixteen years after the certificate of occupancy is obtained from the appropriate officials, so long as the Housing Development remains subject to income and rent restriction pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

Section 10. TERMINATION

Notwithstanding anything contained herein to the contrary, should the Sponsor fail to pay the service charge in lieu of taxes granted hereunder or fail to provide the verification of the calculations used to make the payment, the City of Gladwin shall file a certificate of nonpayment upon the Sponsor of the Housing Development and the Authority by certified mail, with the Register of Deeds of Gladwin County. Following the expiration of sixty (60) days after service of a certificate of nonpayment upon the Sponsor and the Authority, if payment and supporting documentation has not been made, the service charge in lieu of taxes granted by this Ordinance shall automatically be terminated, retroactive to January 1 of the year for which the service charge in lieu of taxes applies, and the property shall be subject to *ad valorem* taxes.

Section 11. SEVERABILITY

The various sections and provisions of this Ordinance shall be deemed to be severable, should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be

unconstitutional or invalid the same shall not affect the validity of the Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid.

Section 12. ACKNOWLEDGMENT

The City hereby acknowledges receipt of documentation from the authority indicating that the authority's participation with the Housing Development is limited solely to the allocation of tax credits under the Low Income Housing Tax Credit Program.

Section 13. INCONSISTENT ORDINANCES *not in Ord 237 but required in state template*

All ordinances or parts of ordinances inconsistent or in conflict with the provisions of this Ordinance are repealed to the extent of such inconsistency or conflict.

Section 14. EFFECTIVE DATE

This Ordinance shall take effect thirty (30) days after publication.

First Reading: August 6, 2018

Second Reading: August 20, 2018

The foregoing Ordinance was offered by Council Member Kile and supported by Council Member Smith.

Roll Call Vote:

Ayes: Kile, Smith

Nays: Bodnar, Caffrey, Crawford, Darlington, Gardner, Winarski

Absent: None

This Ordinance failed this 20th day of August, 2018.

Darlene Jungman, Mayor

Kimberly Bruner, City Clerk

RESOLUTION

WHEREAS, the Michigan Department of Treasury has developed a proposal to amend state laws related to the roles and responsibilities of Michigan townships to administer property tax assessments in their jurisdictions, and

WHEREAS, House Bill 6049, sponsored by Representative James Lower, and Senate Bill 1025, sponsored by Senator Jim Stamas, are before the Michigan Legislature to implement the Department of Treasury proposal, and

WHEREAS, City of Gladwin, Gladwin County has serious and profound reservations regarding the fundamental need for this legislation and is gravely concerned regarding the inevitable higher administrative costs and loss of local control that is so vital for public support and trust of the property tax administration system, now

THEREFORE, BE IT RESOLVED, that the City of Gladwin, Gladwin County wishes to express to the Michigan Legislature its strong opposition to House Bill 6049 and Senate Bill 1025 for the following reasons:

- Removing the authority to directly administer the assessment roll with their own employees and resources from assessing entities that have demonstrated quality assessing and compliance with state laws and requirements would be highly disruptive to city and county governments and residents;
- Requiring all assessing entities to employ an assessor of record at the MAAO (Level 3) or MMAO (Level 4) certified assessor levels would be a tremendous misuse of scarce higher level assessing talent and unnecessary considering the ability of MCAO (Level 2) certified assessors to competently administer property tax assessments as documented by the State Tax Commission's Audits of Minimum Requirements (AMAR);
- Requiring full-time assessing office hours and compliance with International Association of Assessing Officers (IAAO) staffing standards would be highly inefficient and costly to taxpayers in sparsely populated communities and demonstrates a bias toward a "one-size-fits-all" approach to government services without regard to local needs;
- Mandating assessing entities to contract with counties or multi-jurisdictional authorities will create monopolies with little or no accountability to city and township officials who are elected to oversee these services on behalf of taxpayers; townships and cities would have few or no alternatives to perform assessing services, thereby creating a lack of accountability with increased costs and lower service quality;
- Requiring regional boards of review is unnecessary given the ability of commercial and industrial property owners to currently bypass local boards of review and appeal their assessments directly to the Michigan Tax Tribunal;
- Implementation of the proposed changes will increase assessment administration costs that will have to be extended to taxpayers with minimal or no benefit;
- Local boards of review have superior knowledge of local economic conditions impacting individual parcel valuations.

BE IT ALSO RESOLVED, that the City of Gladwin, Gladwin County supports equitable taxation and quality assessment administration, now

THEREFORE, BE IT ALSO RESOLVED, that the following are recommended to the Michigan Legislature as more appropriate and effective steps to improve property tax assessment administration:

- Uniform and quality property assessment systems at all levels of government, including providing the tools and authority for city councils and township boards to address and resolve assessment administration issues in-house;

- State financial support for local assessment administration to assist with increased expenses resulting from state mandates and judicial decisions;
- Creation of a new assessor technical support division with the Michigan State Tax Commission that is separate from the enforcement function;
- Move assessor education and training to L.A.R.A. (Licensing and Regulatory Affairs);
- Increasing the number of certified assessors throughout Michigan;
- Training for elected officials to improve local oversight and accountability of assessment administration;
- Creation of a statewide valuation database to facilitate sales studies using appropriate comparable properties across jurisdictions;
- Focusing reform measures on entities failing to demonstrate a commitment to equitable valuations or significant non-compliance with legal requirements.

This resolution offered by Council Member Winarski, supported by Council Member Darlington this 20th day of August, 2018 at the regular meeting of the Gladwin City Council with direction that copies of this resolution be sent to Representative James Lower, Senator Jim Stamas and the Michigan Municipal League.

Ayes: Bodnar, Caffrey, Crawford, Darlington, Gardner, Kile, Smith, Winarski

Nays: None

Absent: None

Kimberly Bruner, Gladwin City Clerk

Attorney Doug Jacobson requested a closed session to discuss the Personnel/Finance Committee recommendation.

Motion by Council Member Kile, seconded by Council Member Darlington to go into closed session. All ayes. Motion carried.

Meeting went into closed session at 5:54 p.m.

Motion by Council Member Caffrey, seconded by Council Member Smith to open back into public meeting. All ayes. Motion carried.

Meeting went back into session at 6:31 p.m.

Motion by Council Member Smith, seconded by Council Member Gardner to take no action on the recommendation from the personnel/finance committee and to continue with Doug Jacobson as the City Attorney. 7 ayes, 1 abstain. Motion carried.

New Business:

Assessor Weaver spoke in regards to the public hearing request for Cam Packaging and the 2 for E&D Engineering.

Motion by Council Member Caffrey, seconded by Council Member Kile to set a public hearing for Cam Packaging tax exemption certificate for September 17, 2018. All ayes. Motion carried.

Motion by Council Member Kile, seconded by Council Member Winarski to set a public hearing for E&D Engineering for transfer of IFT exemption certificate 2009-396 for September 17, 2018. All ayes. Motion carried.

Motion by Council Member Caffrey, seconded by Council Member Smith to set the public hearing for E&D Engineering for transfer of IFT exemption certificate 2008-415 for September 17, 2018. All ayes. Motion carried.

Chief Bean was present to discuss the School Resource Officer Program with Gladwin Community Schools and with one of the Officer going to the schools he will need to hire a full-time officer to fill the vacancy of the Resource Officer. This will start off as a one year program and could continue after the one year and if so then the Resource Officer will be sent to additional training in the future.

Discussion on whether the Resource Officer was going to have flexible hours and attend evening school activities. Chief Bean stated there were still some things to work out with the contract.

Motion by Council Member Caffrey, seconded by Council Member Kile to allow the City to work with the Gladwin schools for the Resource Officer and a replacement be hired. All ayes. Motion carried.

Motion by Council Member Crawford, seconded by Council Member Darlington to approve the Ferric Chloride purchase for the estimated amount of \$4,488 to be paid out of 590-536-726-000. All ayes. Motion carried.

Comments:

Mayor Jungman – the Governor will be here Friday for the Rising Tide Meeting, and would like to remind everyone that Saturday is the Household Hazardous Waste Day.

Council Member Winarski – stated it was nice to see such a large turn out for the ORV run this past weekend.

Council Member Kile – Would like to say congratulations to the Gladwin County Record Katilynn Thorne, and wanted to say thank you to Beary Queen for allowing the Cone with a Cop and what an awesome thing it was.

Council Member Bodnar – Would like to see the banners changed out since most of the events are over now. She spoke with Kim Shea regarding the trees downtown and if they should be changed out because almost every tree is touching a building.

Council Member Caffrey – brought some EMS information as to in 1987 there were 194 runs a month, and 1,833 for the year total and in 2018 there are 391 runs a month, and 4,516 so far for the year.

Council Member Smith – spoke about the tour at the recycling center and that it was very informative and he was glad they were able to do so.

Council Member Crawford – just had questions as to which roads in the City are accessible to ORV's.

Administrator Abernathy would like to thank the Gladwin County Record for the bike trail coverage in the paper.

Motion by Council Member Darlington, seconded by Council Member Cafrey to adjourn. All ayes. Motion carried.

Meeting adjourned at 7:05 p.m.

Darlene Jungman, Mayor

Kimberly Bruner, City Clerk